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05.31.18 | WORLD CHANGING IDEAS

Worker-owned co-ops are coming for the digital gig economy

As companies like Uber and Handy flail, they’ve cleared a path for worker-owned digital platforms to replace them—and now, there’s a new toolkit to help them get started.



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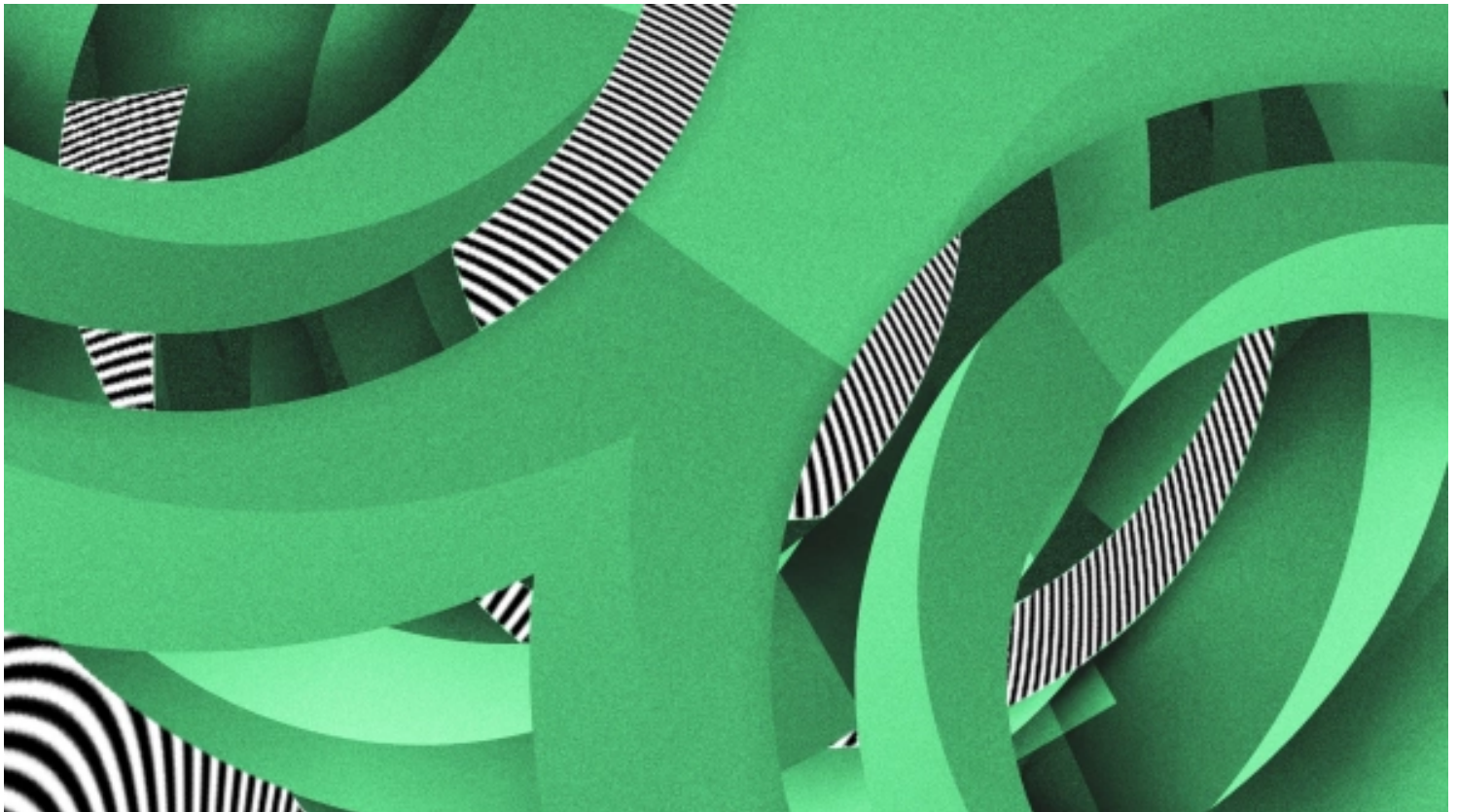
**BY EILLIE ANZILOTTI**

7 MINUTE READ

A domestic cleaning worker in New York City faces a choice. She might decide to register on a platform like Handy or Taskrabbit, where she can accept jobs on a case-by-case basis. Having the flexibility to create her own schedule might compel her, but she might soon realize that 15% to 20% of the pay for each job disappears from her paycheck to go to the company, and that as an independent contractor, she is not entitled to benefits.

Alternatively, she could apply to become a member-owner of one of the three small, cooperative cleaning companies in the city that operate through [Up & Go](#), a platform that launched last year to help the coops manage their workflows. As on Handy or Taskrabbit, she could accept jobs that work with her schedule as they appear, but because she would be a full-time worker and partial owner of whichever coop she joins, she would have a say in setting her own pay rate for the work, and would get benefits. Also, because it's the workers themselves that own both the company and the platform, their take-home pay would be 95%, and the leftover 5% would feed right back into helping grow and support the platform.

At a glance, it's pretty clear that the second option would land her in a much more stable situation. Yet worker-owned cooperatives are still a tiny share of the market of gig economy companies—both in the home cleaning sector (Up & Go has just around 40 workers), and across all other industries.



[Source Image: antishock/iStock]

But as companies like Uber and Handy have fallen under scrutiny for [toxic corporate culture](#) and worker mistreatment (in 2015, a Handy worker [sued the company](#), claiming she made only \$14 for 30 hours of work), a space has opened up for more serious consideration of worker-owned platforms.

[Platform cooperativism](#) is a concept that Trebor Scholz, an author and New School professor, and a number of other researchers and advocates have been extolling for years as an ethical alternative to the gig economy. Instead of Uber and Lyft, for example, a worker-owned rideshare co-op could ferry people around cities (places like Austin, [London](#), and Denver are already experimenting with this model), and cooperative platforms like Up & Go could eventually scale to replace Handy and Taskrabbit.

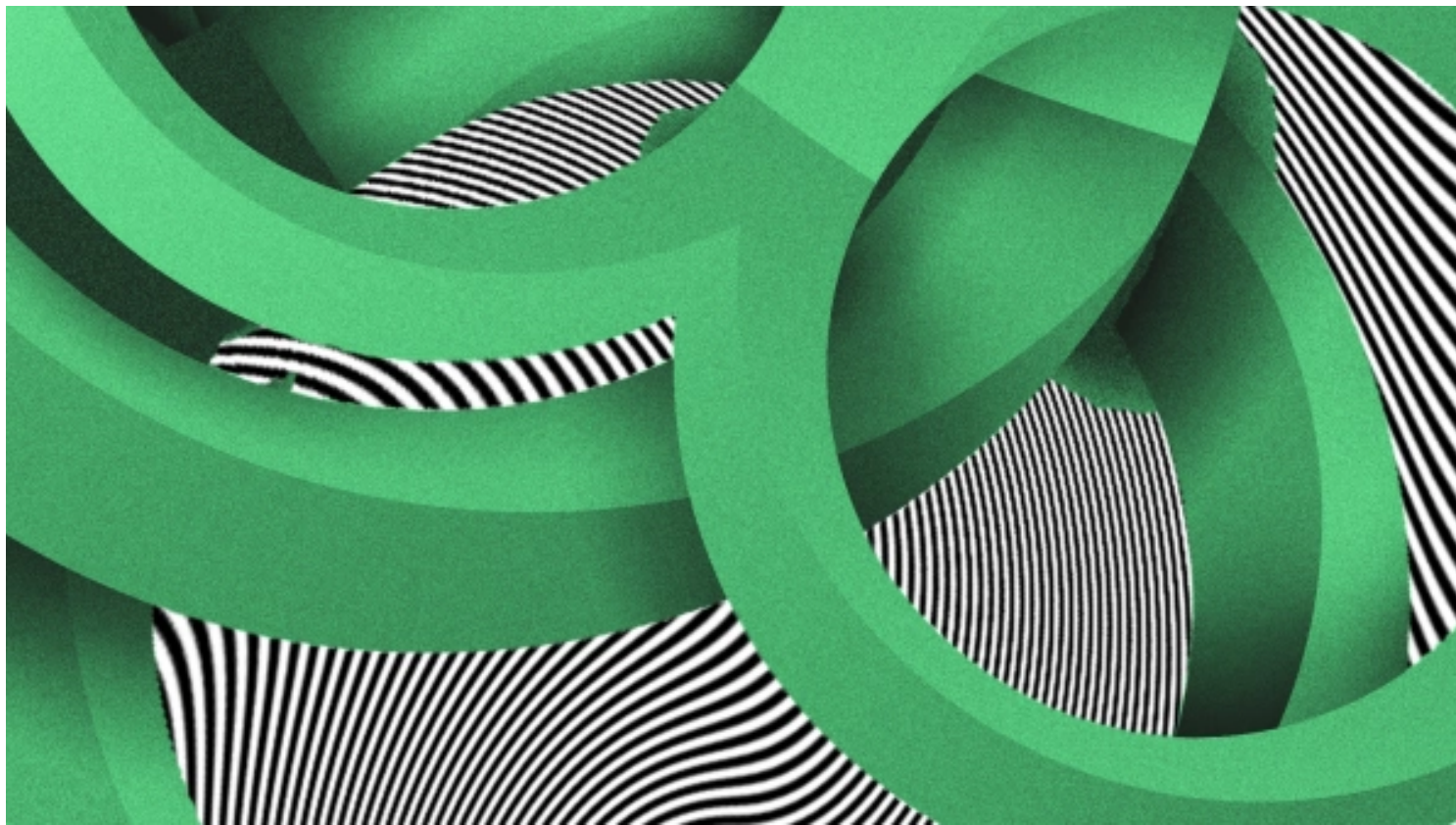
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A digital platform is an online or app-based space and business model in which consumers (users) and producers (owners) interact. On the social platform Facebook, for instance, users interact with each other by liking and posting things, while producers collect data on those consumer habits and use it to sell advertising. On on-demand platforms like Handy, some users hire other users to clean their homes, and the producers take a cut of that interaction to pay themselves. As we've learned over the years, this digital platform model often creates vulnerabilities for users—especially those like Uber drivers and Handy workers, who perform labor for other users but also under the umbrella of the larger producer company, without gaining “employee” status.

Advocates like Scholz see platform coops—in which users ultimately own and control the platforms—as a viable and more equitable alternative to the extractive model we're currently see scale. To that end, Scholz's organization, the Platform Cooperative Consortium at The New School, is debuting a Platform Co-op Development Kit. With a \$1 million startup grant from Google.org (part of a [\\$50 million economic development grant competition](#)), the Kit will help bring worker cooperatives into the digital economy, and fund the buildout of platforms that will support their work.



[Source Image: antishock/iStock]

What platform cooperativism aims to do is translate the algorithmic structures of gig economy platforms to “a different ownership model, with fair working conditions, as a humane alternative to the free market model,” Scholz wrote in a [2014 Medium post](#) that introduced the ideas that would evolve into the Platform Co-op Development Kit, and launched a global conference around the idea of platform cooperativism. The Kit will help existing startups make the transition to worker-owned platforms, and help existing worker-owned companies adopt the digital platform model to scale their work.

Scholz estimates that around 240 projects comprise the current platform cooperativism scene. Among them are Up & Go in New York City, Stocksy United, a stock-photo platform based out of Victoria, British Columbia that’s collectively owned by nearly 1,0000 photographers, and [Green Taxi Co-op](#), a 800-person Denver-based ride-hailing cooperative that launched in 2015 and now controls around one-third of the total market in the metro area.

The two main differences between the platform co-op model and the gig economy model are democratic governance and broad-based platform ownership. “So the platform is owned by the workers, or in some cases, the workers and consumers jointly,” Scholz says. It doesn’t require too much of a stretch of the imagination to see how workers on a collectively owned and run platform could more easily establish and uphold ethical working conditions than those attached to a corporate platform like Uber only through tenuous independent contracts.

The Kit aims to equip workers to form cooperatives in several different ways. Workers on existing gig-economy platforms could potentially, with the tools and financial means from the Kit, collectively buy their platforms from their current owners. Workers that have already organized as a cooperative could use the Kit resources develop a website that would allow them to connect and sell their services, be it home cleaning or driving, online. One example of the latter is a network of 3,000 babysitters in Illinois that will be forming a co-op and developing a platform with the help of the Kit. “By joining these

workers with the digital economy, we will help them communicate better with each other, and there's a political aspect to that, but it will also help economically by linking them to the network of parents who need their help," Scholz says.

The Kit includes online tutorials, worker co-op case studies, and channel where workers can communicate with each other. There are also technical support resources, like a legal clinic Scholz and his colleagues have set up at Harvard Law School to equip workers with guidance as they build out their cooperative platforms. "All the work will be open source," Scholz says. The more organizations that develop cooperative platforms via the Kit, the stronger and more robust its resources will become—all the learnings from each co-op establishment and conversion will feed back to inform future businesses looking to take similar steps. The \$1 million from Google.org will allow Scholz and his co-organizers at The New School to build out the Kit and its various components, including the legal clinic and a customizable open-source labor platform that groups like the babysitters from Illinois could use to create their own site, which the Platform Cooperative Consortium will work with the [Inclusive Design Research Center](#) in Toronto to develop in a way that's accessible to people of all abilities.

Scholz is aware that the grant from Google.org is not exactly neutral. Scholz has personally argued against concentration and monopolies in the online economy, and Google wields a fairly strong search monopoly. What Scholz hopes to see out of the platform cooperativism movement is a collection of more localized, collectively-owned platforms that can challenge behemoths like Google, which span nations and essentially monopolize entire corners of the internet economy. While for Scholz, there's some irony in the funding source, he hopes that perhaps the grant from Google's philanthropic arm signals that the tech world is preparing to embrace an influx of more democratically owned platforms.

Scholz has heard some critiques from the far left that, especially with the Google.org co-sign, the idea of platform cooperativism doesn't go far enough; it still mimics the gig economy, a capitalistic structure. To truly [dismantle capitalism](#), those critics argue, we need fundamental change at the national political level to regulate against monopolies like Google, and to provide for equity-creating, distributive resources like Universal Basic Income and universal healthcare. "But there can still be reforms that still, for the time being, work within capitalism but [really change power relationships](#)." Many of the sectors Scholz is hoping to reach with the kit, especially home elder care and domestic cleaning work, are notorious for difficult labor and inadequate compensation but are in high demand. Bringing them into the digital economy under a model that prioritizes workers and democratic governance will acknowledge their importance and allow them to grow in a way that is tenable for the people that actually power them.

ABOUT THE AUTHOR

Eillie Anzilotti is an assistant editor for Fast Company's Ideas section, covering sustainability, social good, and alternative economies. Previously, she wrote for CityLab. [More](#)

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